F5 Crypto Fund

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CIO Monthly Review

In October prices pulled back. Our fund returned −12.6 %, compared with Bitcoin's −5.8 % and Ether's −14.7 %. The largest crypto hack ever, at Binance, briefly shook markets. Binance said customers would not suffer any losses. Throughout the month, oil was up +15.3 %, gold was down −5.2 % and the S&P 500 remained almost flat at +0.6 %.



Paul Otto
Chief Investment Officer

Market Assessment

Bond yields remained in focus. The US 10-year yield peaked above 5.3 %, its highest level since 2002. Japan's 10-year yield reached 3.1 %, a level last seen in 1996, and the German 10-year Bund yield hit 3.5 %. Towards the end of the month, yields dropped across the board, with one exception.

France. Its 10-year yield crossed the 5 % mark it had been approaching in September and peaked at 5.1 %, then closed October just below +5.0 %. The spread over German yields widened to 1.7 percentage points, the widest since the eurozone debt crisis. The 2027 draft budget would trim the deficit only from 5.4 % to 5 % of GDP. It has yet to pass parliament and faces street protests six months before the presidential election.

Yields fell at the end of October partly because stocks dropped: doubts about how the AI buildout will be financed sent stock indices down, leading some investors to flee into government bonds. This tested September's view that investors are seeking shelter from currency debasement. When stocks sold off, money went into the very bonds investors had been avoiding, not into scarce assets. Gold and Bitcoin each lost around 5–6 %.

I still regard rising government debt, and the debasement it can lead to, as a long-term risk investors have to manage. Inflation erodes savings, investors protect them through stocks, real estate and gold. Crypto is now a great way to protect wealth against inflation. In countries with high inflation, such as Nigeria (average annual inflation over 10 years at 18 %), Türkiye (28 %) and Argentina (62 %), we see crypto ownership rates above 20 %, which is two to three times the global average.

While Bitcoin's scarcity alone is not enough to retain purchasing power, continuously increasing demand for Bitcoin over almost 18 years points to long-term staying power. Young crypto assets with cashflows and strong tokenholder rights share many features with stocks: their revenues increase nominally with inflation, which makes them a natural inflation hedge. Our fund invests in these kinds of tokens.

Combined with crypto's growth trajectory, this inflation protection means select crypto assets not only protect, but also grow purchasing power.

Industry Overview

One crypto story dominated the headlines: Binance, the world's largest crypto exchange by trading volume, suffered the largest hack ever. Attributed to a state-sponsored North Korean hacker group, 6 bn USD in crypto assets were stolen. Around half of them could not be recovered or frozen, as no central party can block or reverse transfers of decentralised crypto assets. It may be the largest theft in history, not just in crypto.

Crypto prices reacted mildly to the hack, with Bitcoin price falling by only around −4 %, as Binance pledged to cover all losses using its Secure Asset Fund for Users (SAFU) and company funds. The exchange appears to have been able to cover all losses.

F5 Crypto uses regulated custodians. The assets of the funds we manage are stored securely. We do not hold, and never have held, assets on Binance. Noteworthy, Binance does not have a MiCAR licence.

Fund Report

October 2026

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Fund Activities

Our three largest positions remain Hyperliquid at 24 %, Jupiter at 23 % and AAVE at 16 % fund weight. HYPE held up well by comparison, down −1.7 % in October, while JUP and AAVE lost −20.4 % and −14.7 %, roughly in line with the altcoin market.

Hyperliquid remains our fund's largest position for good reason. It uses open blockchains for exactly what they do best: global 24/7 trading with instant settlement. Its perpetual futures (perps) have achieved product-market fit. I have written before about oil trading on Hyperliquid when war news broke over a weekend. Now Hyperliquid offers perps on Anthropic shares pre IPO. Since October 26th, traders have been able to go long or short Anthropic (ticker ANT) with leverage, weeks before the first share trades on Nasdaq. At the time of writing the contract trades well above the IPO range of 70 to 78 USD. Hyperliquid has earned roughly 700 m USD in revenue over the last 12 months.

Now trade.xyz and ICE are bringing this model to the US. trade.xyz is a company building on Hyperliquid. It launched several popular perp markets, including ANT. ICE, the owner of the New York Stock Exchange, took a minority stake in trade.xyz. ICE plans to operate, subject to CFTC approval, a separate US exchange and clearing house for trade.xyz's perps, built on Hyperliquid. US investors, so far not allowed on Hyperliquid, could finally get regulated access through their brokers.

The news that the owner of the world's best-known stock exchange chose to build on Hyperliquid instead of competing with it should lead many critics to revise their views.

On our next Monthly Call on Tuesday, November 17th, alongside the regular overview of our fund positions, I will present the topic of the month, *Sovereign Debt*.

After two strong months in August and September, October put on the brakes. Our fund is up +22.4 % year to date, while Bitcoin is down −7.0 %. We look forward to the last two months of the year.

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The information contained in this document is selective and does not claim to be comprehensive. This presentation does not provide a complete description of crypto assets, the tax consequences of an investment, or the risks associated with an investment.

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